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Putting beef consumers first

RENO, Nev., February 8, 2008 – Four companies today announced a joint effort to build bridges between consumers and beef producers.

Consumer First Beef Partners comprises Certified Angus Beef LLC (CAB), Pfizer Animal Health, Land O' Lakes Purina Feed LLC and Drovers/food360. The four companies represent key components of meeting consumer demand: genetics, health, nutrition and information.

Through unified leadership and education, the partners aim to better align production philosophies, strategies and management practices to raise cattle that meet the consumer demand for high-quality beef.

“Part of that is just raising awareness,” said Mike Krakoviak, cattle business group director for Land O' Lakes Purina. “Here and in most countries interested in U.S. beef, demand is strongest for the highest quality beef, as defined by the 2005 National Beef Quality Audit (NBQA).”

That study said a shortfall in premium beef production costs the industry \$26.81 per head in lost opportunity. The market reflects demand in the historically wider USDA Choice-Select spread.

Cattle-Fax, in its 2007 “Value of Quality Analysis,” agreed there is too little premium beef, and calculated that the sector has added half a billion dollars to the industry every year since 2004. The added value is expected to grow if more premium beef is produced, and vice versa.

Last year, the wholesale value of an 800-pound USDA Select carcass was \$74 less than its Choice counterpart, and \$136 less than a branded, premium Choice carcass.

“We know cattle are sold by the pound,” said Drovers editor and associate publisher Greg Henderson. “But when producers look beyond pounds, they stand to add value for themselves in the near term, and for the whole beef industry long term.”

Based on the NBQA, beef marketers and exporters from restaurant to retail say their customers want better-marbled, tender beef with juiciness and flavor. They could sell more if only it were available.

CAB, a non-profit subsidiary of the American Angus Association, sells more than half a billion pounds of its high-quality branded products each year. “The main reason it's not a billion pounds is lack of supply,” said Mark McCully, CAB supply development director.

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Marbling, the missing trait in most cattle that don't qualify for CAB, is sacrificed by many technologies and management strategies today, McCully added. "We disappoint a lot of consumers in an attempt to advance feed efficiency, growth rate and saleable pounds at the expense of marbling. We have to learn how to deliver the complete package."

Mike Amos, Pfizer's senior manager of strategic initiatives, said Consumer First Beef Partners can play a leading role in helping the cattle industry provide consumers with the highest quality beef. "We believe the industry is facing some challenging times ahead, yet our belief in the value and quality of beef has never been stronger," he said. "We decided to participate because it will benefit our customers, and it's consistent with our history of collaboration with like-minded companies and producers."

"Cooperation is a good model for any sector of the industry," Krakoviak added. "We need to do the right things and communicate up and down the production chain."

Consumer First Beef Partners plans to host educational and brainstorming sessions with producers, academia and consumers. "We can utilize every form of media from the Web to farm tours," Henderson said. "As we begin to have more impact in the industry, we may be able to attract more funding for research on how to best meet the beef consumer's demands."

Ultimately, success for Consumer First Beef Partners will be measured in a healthier bottom line for U.S. beef producers, the company spokesmen agreed. "There is no industry issue more important than consumer demand," said McCully. "This is the right thing to do."

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